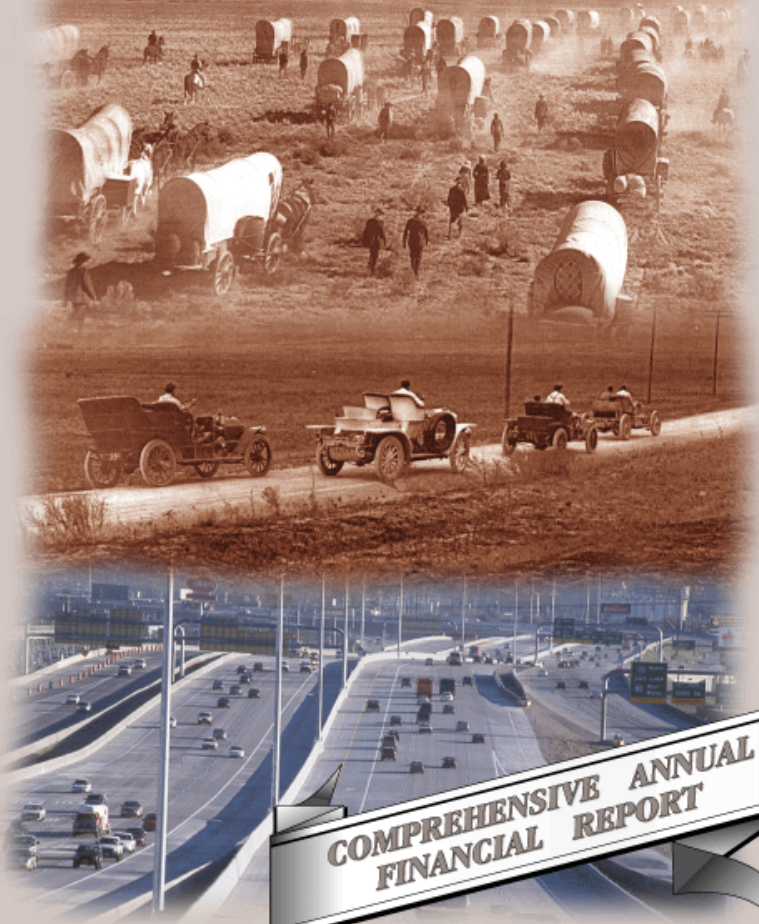


State of Utah



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2002

State Of Utah
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended June 30, 2002

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Olene S. Walker..... Lt. Governor
Auston G. Johnson, CPA..... State Auditor
Edward T. Alter, CPA..... State Treasurer
Mark L. Shurtleff..... Attorney General
L. Alma "Al" Mansell..... President of the Senate
Martin R. Stephens..... Speaker of the House
Christine M. Durham..... Chief Justice, Supreme Court

OTHER STATE OFFICIALS

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Special appreciation is given to all of the budget and accounting officers throughout the State whose extra time and effort made this report possible.



State of Utah
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2002

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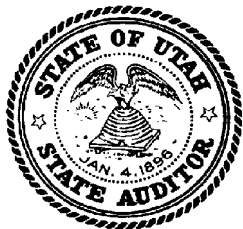
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FINANCIAL SECTION



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INDEPENDENT STATE AUDITOR'S REPORT

To the Members of the Legislature
of the State of Utah and
The Honorable Michael O. Leavitt
Governor, State of Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Utah as of and for the year ended June 30, 2002, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Utah Housing Corporation; Utah State University; Utah Valley State College; the University of Utah's hospital and component units; portions of the Utah College of Applied Technology; Utah Public Employees Group Insurance; the Dairy Commission; and the Utah State Retirement Office, which represent 53 percent of the assets and 47 percent of the revenues of the aggregate discretely presented component units and 78 percent of the assets and 44 percent of the revenues of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us; and our opinion, insofar as it relates to the amounts included for those agencies, funds, and component units, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Utah as of June 30, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, the State has implemented the financial reporting requirements of Government Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*; Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*; Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*; Statement No. 38, *Certain Financial Statement Note Disclosures*; and Interpretation No. 6 *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements* as of June 30, 2002.

The accompanying management discussion and analysis on pages 14 through 22 and the required supplementary information on pages 96 through 103 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State’s basic financial statements. The supplementary information – combining statements and individual fund statements and schedules on pages 108 through 167 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subject to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The statistical data on pages 170 through 187 were not audited by us and, accordingly, we express no opinion thereon.

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 1, 2002, on our consideration of the State’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in black ink, appearing to read "Austin Johnson", with a stylized, flowing script.

UTAH STATE AUDITOR
November 1, 2002